

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

First Class Package Service (FCPS),
Service Standard Changes, 2021

Docket No. N2021-2

**REBUTTAL TESTIMONY OF
ANITA MORRISON
ON BEHALF OF
THE AMERICAN POSTAL WORKERS UNION, AFL-CIO
(August 4, 2021)**

(APWU RT-1)

Autobiographical Sketch

I am the Founding Principal of Partners for Economic Solutions (PES). Partners for Economic Solutions is a full-service urban economics consulting firm dedicated to fostering sustainable economic vitality and growth in America's neighborhoods, cities and regions. I have more than 40 years of economic and development consulting experience and received a Master of Public Policy from the University of Michigan in 1977. I have extensive experience in economic impact analysis. I have assisted and represented a number of development agencies with major public/private partnerships, including the District of Columbia Deputy Mayor for Planning and Economic Development, the Pennsylvania Avenue Development Corporation, the Atlanta Development Authority, the Maryland Department of Transportation, the Fort Monroe Federal Area Development Authority, the Norfolk Redevelopment and Housing Authority, the Orlando Community Redevelopment Agency, the Armed Forces Retirement Home – Washington, and the City of Dallas. My redevelopment experience encompasses large and small business districts, corridors and neighborhoods, and my expertise in housing policy, markets and plans has included detailed financial modeling and strategizing to address housing affordability and community development challenges.

I am a member of the Urban Land Institute, the American Planning Association and Lambda Alpha International.

Introduction

Partners for Economic Solutions has analyzed the changes in the First-Class package service standards proposed by the U.S. Postal Service. The analysis considers the service standards changes by geographic extent and by the impact on package delivery volume. The impact on delivery of First-Class pharmaceutical packages is analyzed separately.

The Postal Service's analysis¹ of the total impact on First-Class packages in the 48 contiguous states shows the following breakdown:

	Volume	Percent of ZIP Code Pairs
Package standards unchanged	63.9%	66.3%
Package standards upgraded by one day	4.2%	5.7%
Package standards downgraded by one day	17.3%	8.6%
Package standards downgraded by two days	14.6%	19.3%

These national impact summaries mask the different impacts on individual states and regions. PES's analysis shows that the new standards will disproportionately impact the West Coast and, to a lesser extent, the East Coast.

Geographic Extent of Service Standard Downgrades

Using a database of pairs of three-digit ZIP codes² that shows the current and proposed First-Class package service standards for origins and destinations, PES calculated the percentage of three-digit ZIP code area origins from which the package

¹ USPS_LR-N2021-2_4, file 10_3digit_FCPS_Public.xlsx US Postal Service.

² USPS_LR-N2021-2_4, file 10_3digit_FCPS_Public.xlsx US Postal Service.

1 delivery standard is proposed to be downgraded for each three-digit ZIP code destination
2 area. That measure of service downgrades ranges from 9 to 99 percent of origin ZIP
3 codes.

4 Delivery standard downgrades, meaning areas where the delivery of First-Class
5 packages is planned to be subject to a standard of more days for delivery than the current
6 standard, are most extensive in southern Texas and southern Oregon with delivery
7 standards expected to affect 81 to 99 percent of three-digit ZIP code areas in those
8 geographic areas. All of the West Coast and most of Nevada and Idaho as well as
9 northwest Montana and northwest and southeast Arizona will see First-Class package
10 service standards downgraded for 61 to 80 percent of three-digit ZIP code areas in those
11 places. A downgrade in service standards for 41 to 60 percent of ZIP codes will occur in
12 the balance of Montana, Idaho, Nevada and Arizona as well as Utah, western Wyoming,
13 southern New Mexico, southwestern Texas, western North Dakota and northwestern
14 South Dakota. These outcomes are showing on the map in Exhibit A.

15 Most of the East Coast and New England, Colorado, northwestern Minnesota,
16 western and central Louisiana, southwestern Arkansas, and the balance of Wyoming,
17 Arizona, New Mexico and Texas will see package delivery downgrades from 41 to 60
18 percent of origin ZIP codes. Downgrades of package delivery service from less than 21
19 percent of origin ZIP code areas will occur in most of the Midwest, the southwest of
20 Georgia and the Great Plains.

21 **Two-Day Downgrades**

22 As shown in Exhibit B, the most severe downgrades in First-Class package
23 standards of increasing the delivery standards from three days to five days will affect 31

1 to 43 percent of three-digit ZIP code areas in western Washington, most of Oregon,
2 northern and central coastal California and northwest Nevada. Eastern Washington,
3 northern Idaho and southern California will experience two-day downgrades in First-Class
4 package delivery service standards from 21 to 30 percent of origin ZIP codes in those
5 areas.

6 **Delivery Standard Upgrades**

7 The proposed change in service standards does include some upgrades in
8 deliveries, affecting primarily the Midwest. Delivery standards will improve from three to
9 two days from 11 to 20 percent of origin ZIP codes in eastern Missouri, western Illinois,
10 Indiana, southern Kentucky, central and eastern Tennessee, eastern and northern
11 Michigan, northeastern Wisconsin, north central Minnesota, western South Dakota,
12 central New York, northern Maine, northwestern Vermont, northeastern Pennsylvania,
13 Delaware, northern Maryland, northern West Virginia and central Virginia. This improved
14 service standard is shown in Exhibit C.

15 **Impact of Service Standard Changes on Package Delivery Volume**

16 Looking at the impact of the service standard changes by volume of First-Class
17 package deliveries shows a different geographic pattern. As shown in Exhibit D, the
18 change in First-Class package service standards in central Washington, most of Oregon,
19 northern California, western and central Nevada and northern Idaho affects 41 to 59
20 percent of First-Class packages in those areas. In the balance of Washington, Oregon
21 and California, most of Arizona, southern Nevada, southwestern Idaho, western Montana,
22 western Wyoming, western North Dakota, north central South Dakota and a small portion
23 of southeastern Texas, service standard downgrades will affect 41 to 50 percent of First-

1 Class package delivery volume. 31 to 40 percent of package volume will be affected in
2 Utah, Montana, western Wyoming, western South Dakota, northeastern Nevada,
3 southeast and central New Mexico, portions of central Texas, southern and central
4 Florida, eastern Pennsylvania, New Jersey and most of New York and New England.

5 **Two-Day Downgrades**

6 A service standard downgrade of two-days will affect 26 to 32 percent of packages
7 in western Washington, most of Oregon, northern and central coastal California,
8 northwestern Nevada, southern and west central Florida, much of Connecticut,
9 Massachusetts and Rhode Island, and small portions of New York and New Jersey.
10 Exhibit E illustrates these changes. 16 to 25 percent of package volume planned to be
11 downgraded by two days will be found in the entire East Coast, West Virginia, Ohio and
12 eastern Michigan as well as the remainder of Washington, Oregon and California, western
13 Idaho and central Nevada.

14 **Delivery Standard Upgrades**

15 As shown in Exhibit F, upgrades in First-Class package standards peak at 25
16 percent in northwest Vermont, western New York and north central Pennsylvania where
17 First-Class packages will be subject to shorter service standards on 21 to 25 percent of
18 package volume. Northern Michigan, southern Illinois, east central Indiana, west central
19 California and east central Washington will have service standards upgraded for 16 to 20
20 percent of their package volume. Service standard improvement of 11 to 15 percent for
21 First-Class package volume will be scattered in Maine, Virginia, West Virginia, Ohio, South
22 Carolina, Georgia, northeastern Florida, northeastern Arkansas, northeastern Mississippi,
23 eastern Washington, northeastern and central coastal California, south central South

1 Dakota, northeastern North Dakota, west central and northern Wisconsin, and, most
2 extensively, in Indiana, Michigan, southern Illinois, eastern Missouri, western Tennessee,
3 and eastern Washington.

4 **Impact on First-Class Packages Containing Pharmaceuticals**

5 First-Class package service standards for packages containing pharmaceuticals
6 pose a particular concern given the nation's growing reliance on mail delivery of medicine
7 and prescriptions. Analyzing the volume of pharmaceutical First-Class packages,
8 downgrades in the service standards of any length will be most prevalent in California,
9 southwest Arizona, northwest Nevada, Oregon, western Washington, northwest Montana,
10 north central North Dakota, northern Illinois, southeastern Wisconsin and Maryland's
11 Eastern Shore, affecting more than 51 percent of packages delivered. These downgrades
12 are shown in Exhibit G. Downgrades will affect 26 to 50 percent of pharmaceutical First-
13 Class packages in eastern Washington, western Idaho, southern Nevada, Arizona,
14 eastern North Dakota, South Dakota, Minnesota, Wisconsin, northwest and southeast
15 Iowa, Illinois, eastern Missouri, central Texas, southeast Louisiana, northern Alabama and
16 northeast Ohio. Downgrades impacting 11 to 25 percent of pharmaceutical First-Class
17 package volume will affect central Maine, north central New Jersey, central Pennsylvania,
18 southeastern Virginia, western and southern North Carolina, northern South Carolina,
19 northern and southeastern Georgia, northeastern and southeastern Florida, Alabama,
20 Mississippi, southern Louisiana, northeastern Arkansas, western and central Tennessee,
21 south central Kentucky, central Minnesota, western North Dakota and northwestern South
22 Dakota.

Two-Day Service Standard Downgrades

Two-day downgrades in the standards applying to pharmaceutical First-Class packages are less prevalent given the propensity for regional shipping. Nonetheless, downgrades involving more than 21 percent of pharmaceutical package volume will affect Maryland's Eastern Shore. At 11 to 20 percent of pharmaceutical First-Class packages, the affected areas will include the Palm Beach portion of Florida, southeast North Carolina and portions of central New Jersey. These effects are shown in Exhibit H.

Service Standard Upgrades

As shown in Exhibit I, improved standards for pharmaceutical packages will affect more than 50 percent of the volume in Michigan, central Iowa, eastern Missouri, southern Illinois, northern and western Kentucky, southern Indiana, southwestern and northeastern Ohio, western Pennsylvania, western New York, northwestern Vermont and northeastern Massachusetts. Service standard upgrades on 26 to 50 percent of pharmaceutical First-Class package volume are proposed for eastern Washington, northern Idaho, central California, the Dallas/Fort Worth area in Texas, central and southeastern Virginia, western New York, Maine, New Hampshire, Vermont, central Massachusetts and Rhode Island.

Exhibit A

Percent of Destination ZIP Codes to Which Package Delivery Service is Downgraded

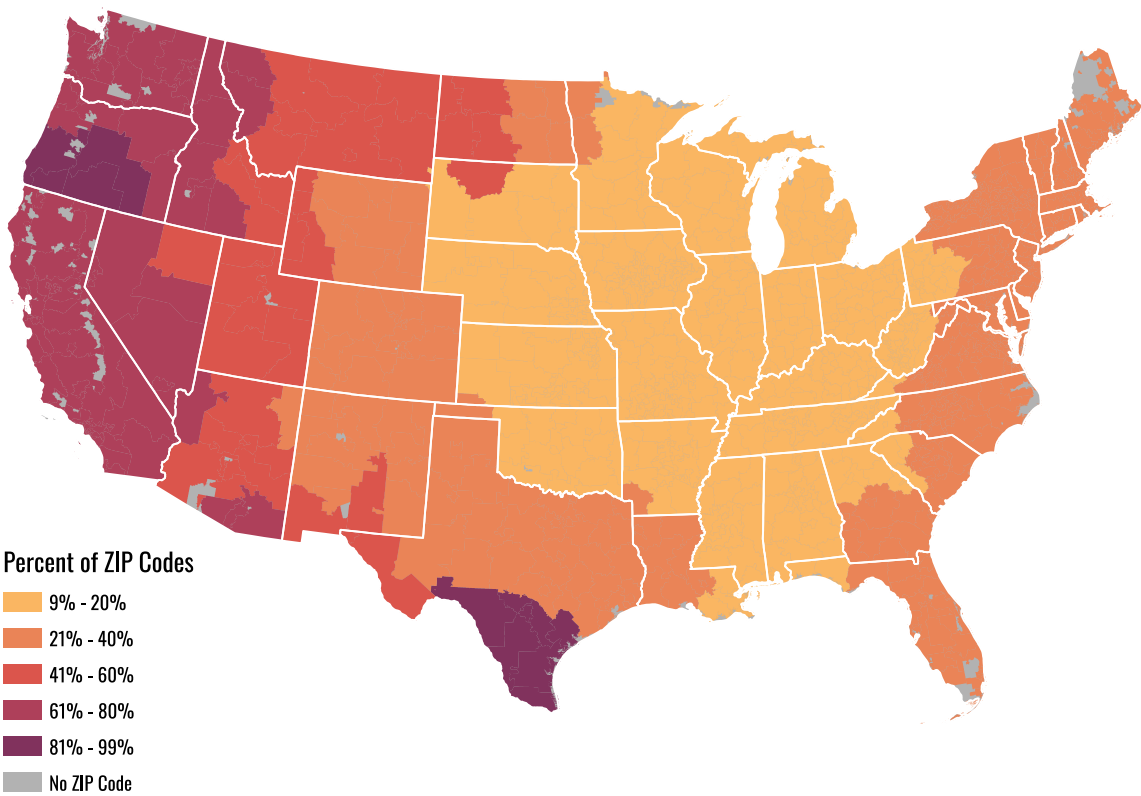


Exhibit B

Percent of Destination ZIP Codes to Which Package Delivery Service is Downgraded Two Days

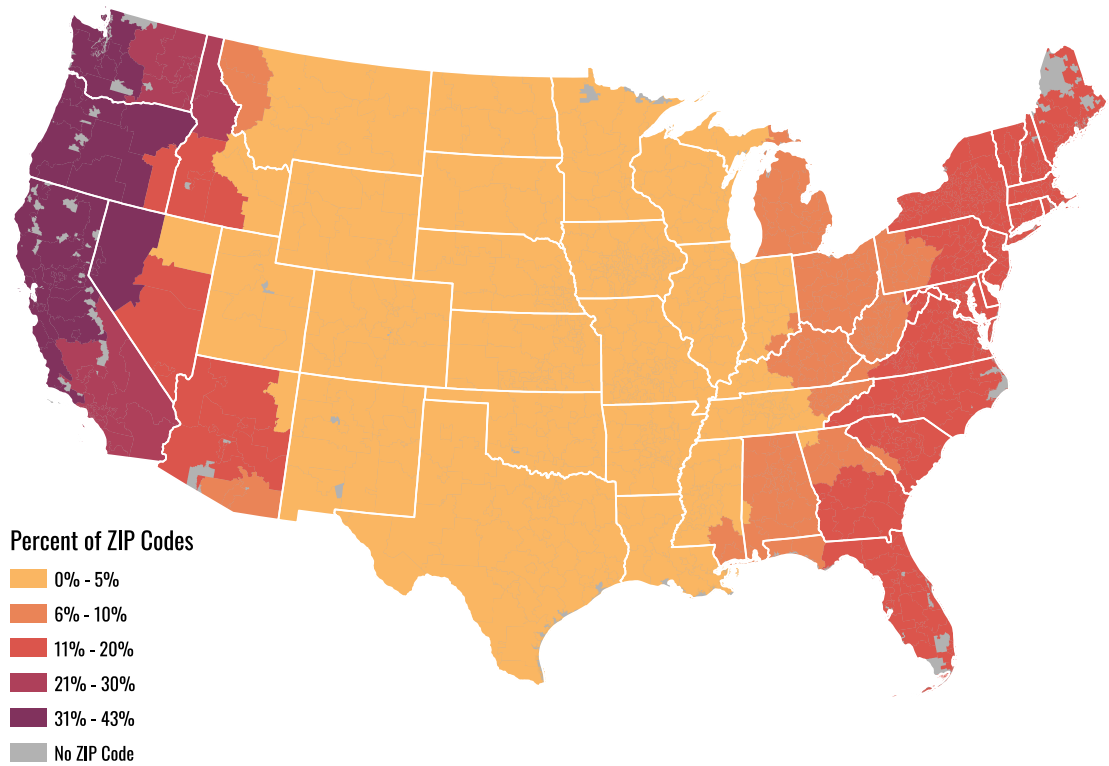


Exhibit C

Percent of Destination ZIP Codes to Which Package Delivery Service is Upgraded

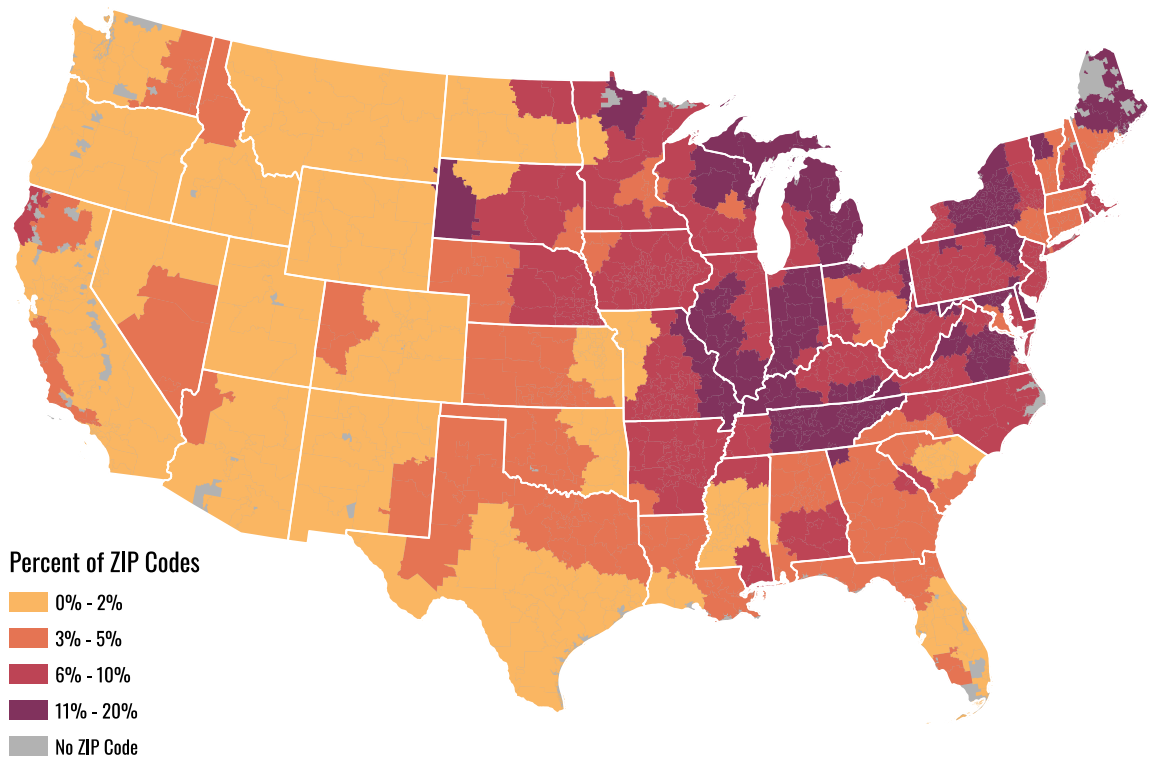


Exhibit D

Percent of Destination Package Delivery Volume Downgraded

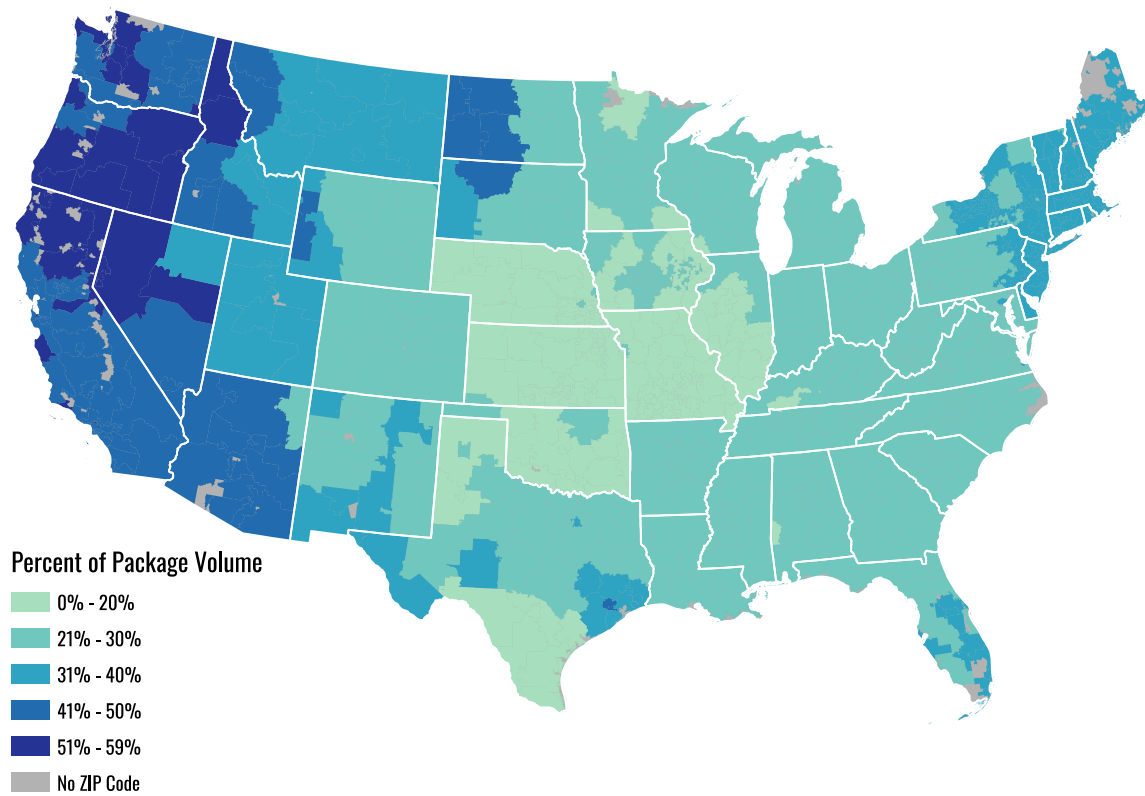


Exhibit E

Percent of Destination Package Delivery Volume Downgraded Two Days

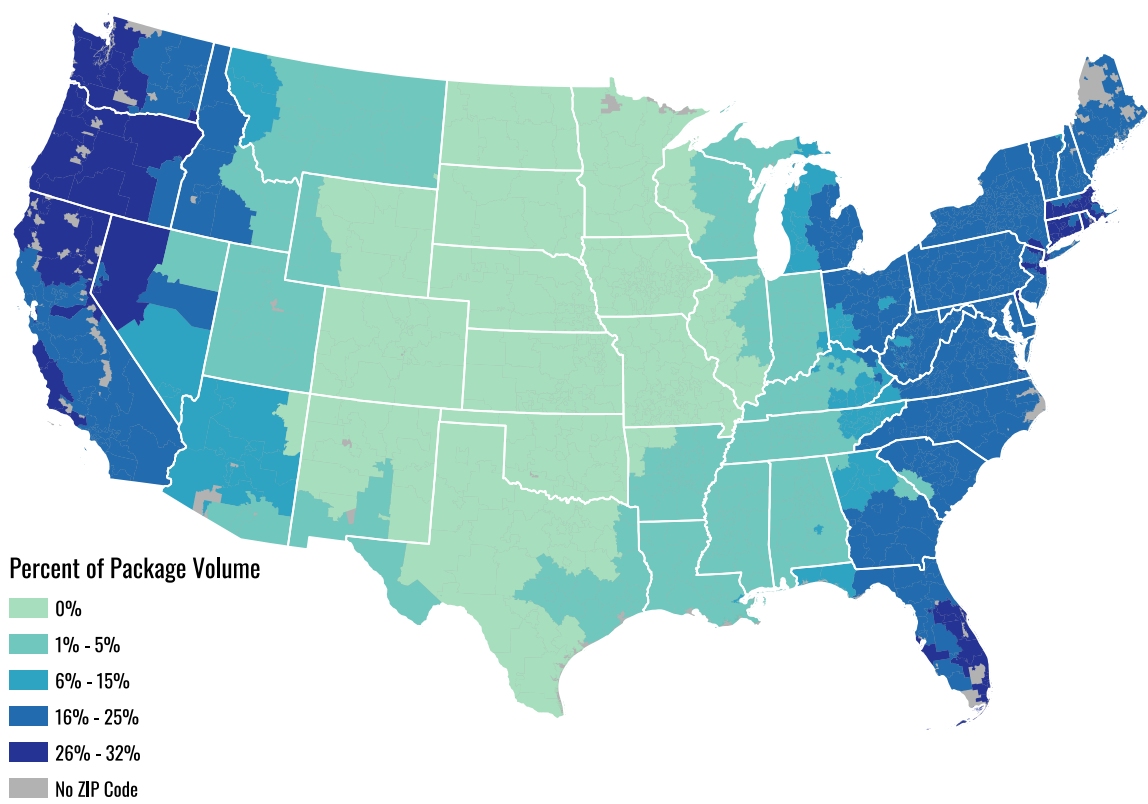


Exhibit F

Percent of Destination Package Delivery Volume Upgraded

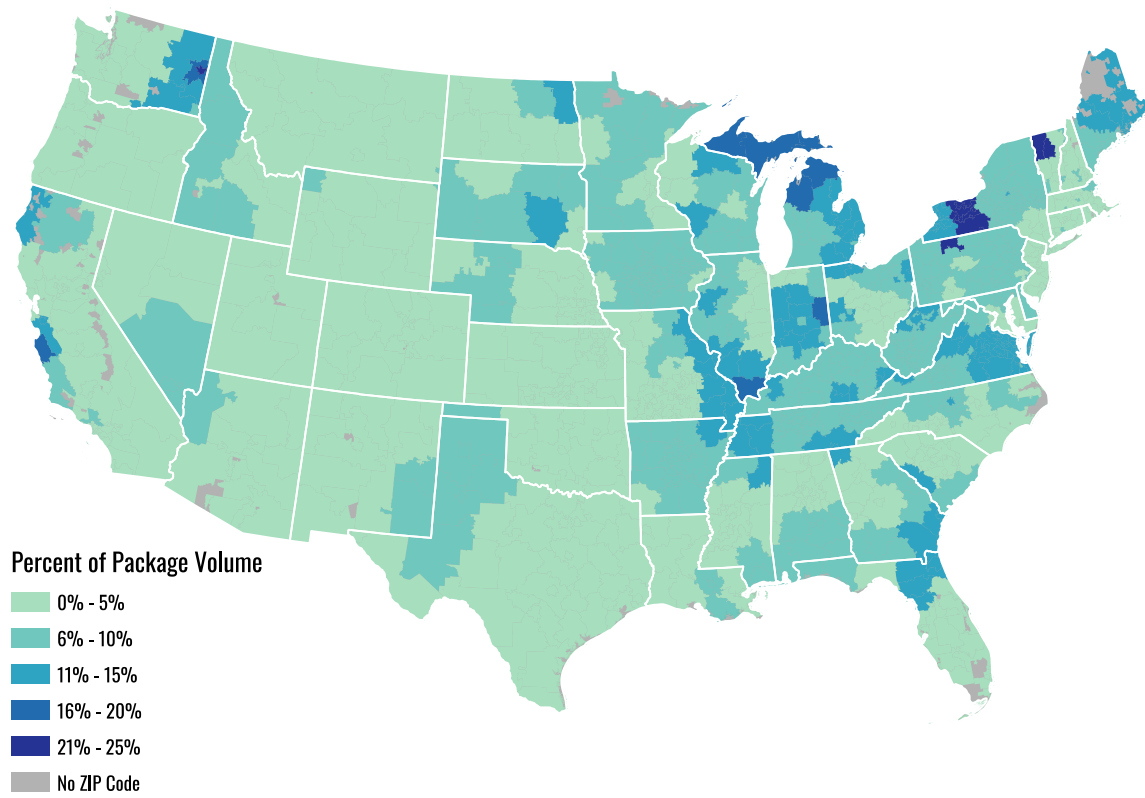


Exhibit G

Percent of Destination Pharmaceutical Delivery Volume Downgraded

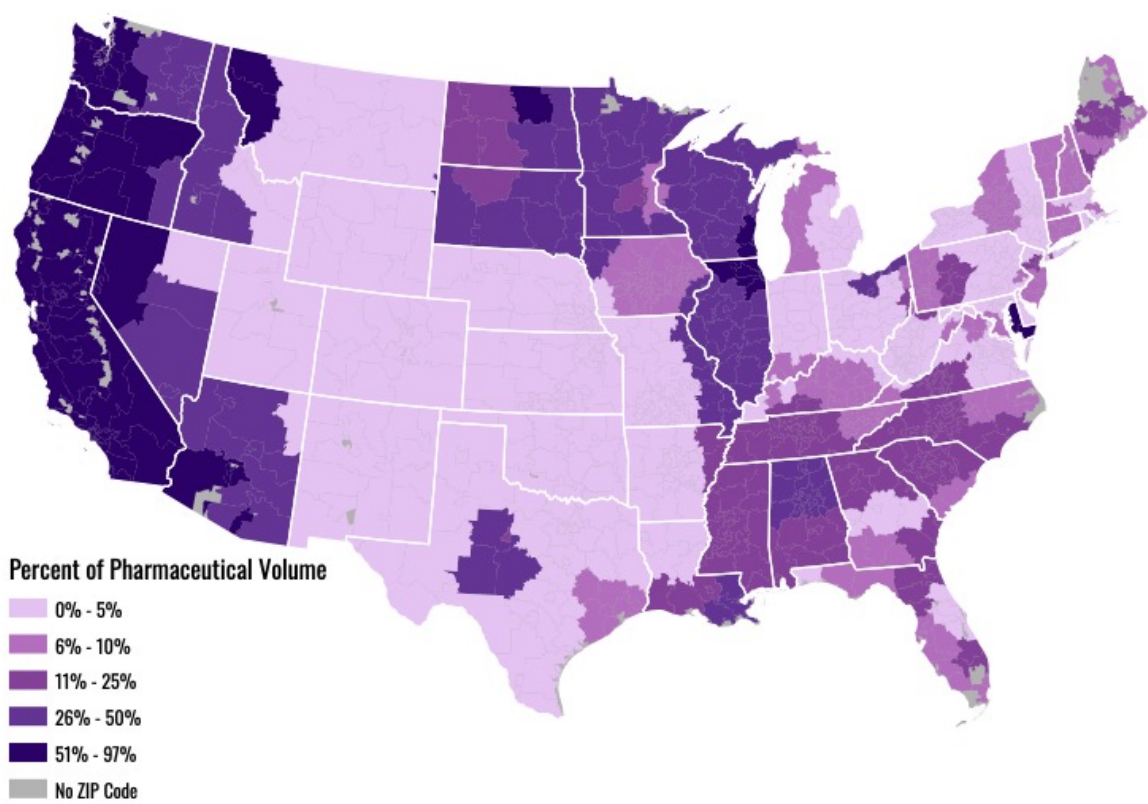


Exhibit H

Percent of Destination Pharmaceutical Delivery Volume Downgraded Two Days

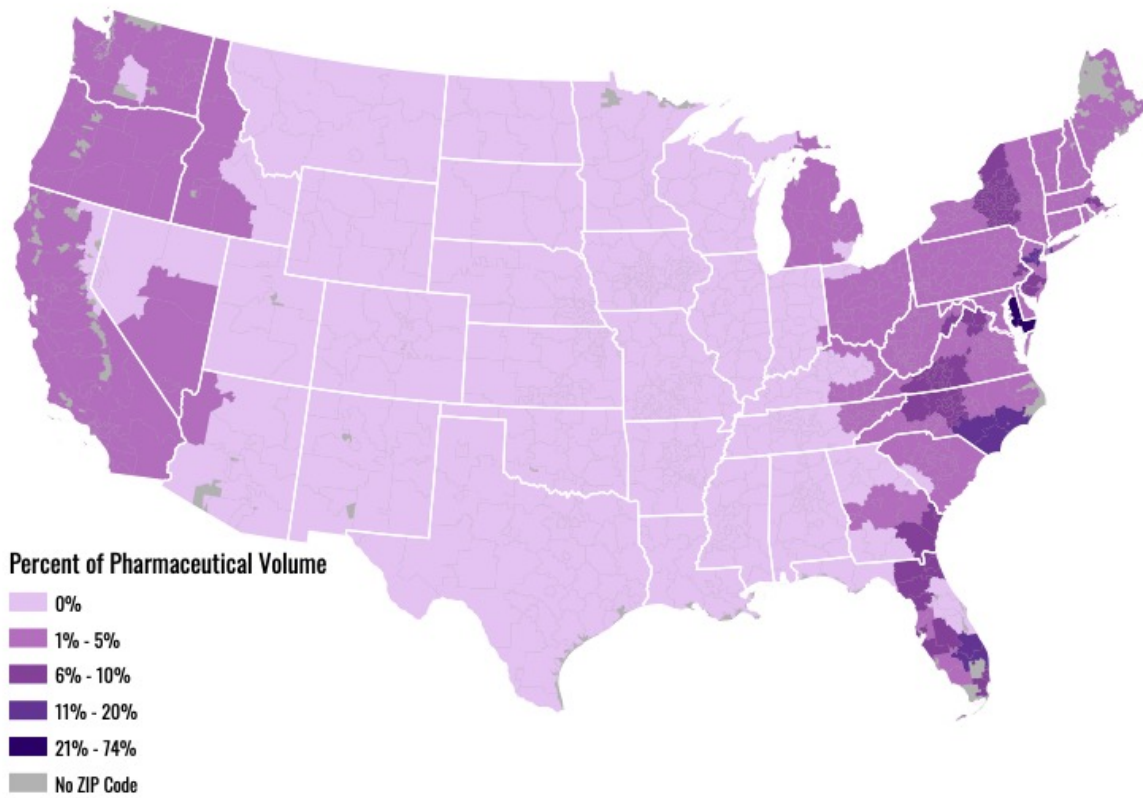


Exhibit I

Percent of Destination Pharmaceutical Delivery Volume Upgraded

